

# NEWS

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## CONGRESSMAN PETE STARK

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**FOR IMMEDIATE RELEASE**, Wednesday, April 25, 2007  
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### **STARK OPENING STATEMENT AT HEARING ON MEDICARE TRUSTEES REPORT**

WASHINGTON, D.C. -- Representative Pete Stark (D-CA), Chairman of the Ways and Means Health Subcommittee, delivered the following opening remarks at today's hearing on the 2007 report of the Board of Trustees of the Medicare Trust Fund.

"Mr. Foster, thank you for coming here today. The annual Trustees Report is an important tool that helps us manage the Medicare program. Unfortunately, the care and feeding of Medicare through routine maintenance has been overlooked in recent years.

"Reviewing this year's report will help us return to our roots of overseeing Medicare and ensuring its continued viability for current and future generations. However, I would like to start by paraphrasing Mark Twain and saying that reports of Medicare's death have been greatly exaggerated.

"Despite the gloom-and-doom forecasts and rhetoric from some of my colleagues, this year's Trustees report shows that Medicare remains solvent and sustainable.

"Solvency projections over the years have been as few as four years and as many as 28 years. This year, as in most years past, solvency remains strong by historical standards. There is plenty of time to make the necessary adjustments needed to prolong the life of the Trust Fund.

"That said, while the program faces undeniable demographic challenges in future years, the so-called 45 percent "funding warning," which has been triggered in this year's report, is little more than an arbitrary, hidden hatchet designed to

eliminate Medicare's entitlement and continue the march toward privatization started in the 2003 Medicare law.

"Its sole purpose is to scare people into thinking we can't afford to continue Medicare as an entitlement. The fact is that we can't afford not to.

"Since Medicare's creation, Congress has regularly modified and modernized the program to accommodate advances in medicine, meet the demands of a growing population, and acknowledge fiscal realities. This year, we will return to that role.

"Interestingly, Medicare Advantage is the proverbial "elephant in the living room" in this report. Because the private plans do not have their own Fund, and payments are drawn from the regular Trust Funds, Medicare Advantage payments and their implications on program cost growth are not scrutinized or explicitly analyzed by the Trustees. Yet the overpayments are directly and negatively affecting both solvency and general revenue spending – not to mention beneficiary premiums.

"The report does highlight an expected migration in the coming years from traditional Medicare to the plans. And we can see in the report how plans have overtaken physician spending and are now second only to hospitals in terms of the ranking of provider payments through the program – a pretty stunning development given that fewer than one in five beneficiaries are enrolled in Medicare Advantage.

"The report also highlights that Part B spending is artificially understated because the Trustees are forced to assume continuation of current law, under which – absent Congressional action – physicians are subject to a per-fee reduction of close to 10 percent next year and nearly five percent each of the following eight years. This clearly won't happen.

"We certainly have our work cut out for us. All payments must be on the table. I look forward to working with colleagues on both sides of the aisle – and the Administration -- to balance our competing priorities and enact Medicare policy that is good for beneficiaries and taxpayers alike."